

**PICKLE
CROW
GOLD
MINES
LIMITED**

T H I R T Y - T H I R D A N N U A L R E P O R T

1966

APR 10 1967

PICKLE CROW GOLD MINES LIMITED

directors

SIR MICHAEL BUTLER, Bt., Toronto, Ontario
N. B. KEEVIL, Port Credit, Ontario
C. G. MACINTOSH, Toronto, Ontario
J. B. ANDERSON, Islington, Ontario
J. H. WESTELL, Islington, Ontario

officers

N. B. KEEVIL, President
C. G. MACINTOSH, Vice-President
J. B. ANDERSON, Vice-President
J. A. S. GIBSON, Secretary
D. S. BROWN, Treasurer

head office

Suite 1000, 11 Adelaide Street West, Toronto, Ontario

*transfer agents
and registrars*

CROWN TRUST COMPANY, Toronto, Ontario
EASTERN & CHARTERED TRUST COMPANY, Montreal, Quebec
BANKERS TRUST COMPANY, New York, New York

auditors

MCDONALD, CURRIE & Co., Toronto, Ontario

annual meeting

April 20, 1967, 9:30 a.m. (Eastern Standard Time)
11th Floor, Board of Trade Building
11 Adelaide Street West, Toronto, Ontario



Report of the Directors

N. B. Keevil

To the Shareholders:

The 33rd annual report of your company for the year ended December 31, 1966 records the cessation of gold mining operations at the company's Pickle Lake property and the end of an inspiring era in Canadian mining history.

As projected in the 1965 annual report and at the last meeting, the planned shutdown of operations proceeded on schedule, and by October the mill cleanup was concluded and all economic mineable and broken ore had been removed. As the company's parent organization, Teck Corporation Limited, was preparing to bring a new copper mine, Tribag Mining Co. Limited, into production, it was possible to effect many economies and advantages, to the mutual benefit of both companies, by the transfer of staff and mine crew and the sale of equipment to the Tribag operation. By mid-December all major pieces of equipment had been sold and employees transferred, with only watchmen remaining for the winter months. The remaining equipment and buildings will be disposed of in the coming summer.

During the year company officials had discussions and negotiations with all levels of Government for the continued use of the townsite and certain sections of the plant, primarily from the viewpoint of an Indian training and rehabilitation centre, but no concrete offers or proposals were received. The Federal Mobility Programme enabled Pickle Lake employees to relocate themselves and their families with relatively little expense or hardship.

In the nine months of production to September 30, 1966 bullion production amounted to \$1,013,975 from 60,743 tons treated. With exploration and development costs at a minimum, and the resulting economies of a salvage operation, a \$55,313 operating profit was shown for the period. After writeoffs there was a net loss of \$55,505 for the year. To December 31, 1966 \$295,945 had been realized from the sale of equipment, which added to the amounts realized from liquidation of stores and supplies, and the cash earnings for the period, resulted in an improvement in working capital of \$523,148 to \$533,941.

When final clearance during the summer of 1967 is completed and all realizable assets sold, it is anticipated the company will have a working capital of over \$600,000 for future



operations. It is the intention of your directors to use this sum judiciously over a period of time for exploration efforts in the hope that a new discovery will be made that could eclipse the excellent record of the original Pickle Lake property. In the meantime, funds will be invested in a diversified portfolio of dividend-paying stocks.

At a time when official sources and Royal Commissions are inclined to downgrade Canada's great natural resources industries — witness the Carter Commission's statement:

"In our opinion, the (tax) concessions probably brought about an increase in the allocation of capital and labour to mineral and petroleum extraction; but there is no presumption that this had a beneficial effect on the overall economic well-being of Canadians."

— it is interesting and enlightening to look at the actual results and contribution to the "overall economic well-being of Canadians" by a relatively small mining operation such as Pickle Crow Gold Mines Limited.

Throughout its history, financing, share ownership, direction and management have been Canadian. In Pickle Crow's thirty-two years of continuous operations it produced over \$52,000,000 in gold, of which \$21,619,000 went to employees in wages; \$21,105,000 was spent on supplies and equipment purchased from communities all across Canada and a further \$12,375,000 was paid to Canadian shareholders as dividends. In addition, a northern community was opened up to tourism and other industry, and some 700 Canadians were directly supported by this mining operation. Over 40 million dollars in gold was actually produced before a government road was built into the settlement.

When it is remembered that the greater part of this record was established at a time when there was unemployment in many parts of the country, when Canadian manufacturers needed the orders from the north to keep their factories operating, and when the millions of dollars in new wealth generated by gold production helped the country through many periods of foreign exchange crises, your directors feel that, contrary to the above statement, Pickle Crow and its industry have contributed in a major way to the "overall economic well-being of Canadians".

Your directors wish to express their appreciation to the manager, staff and employees for their loyalty and co-operation during this difficult period, and to express the hope that future opportunities will result in a continuation of the mining tradition established by Pickle Crow Gold Mines Limited.

On behalf of the Board,

N. B. KEEVIL

President

March 28, 1967

PICKLE CROW GOLD MINES LIMITED

Report on Operations

PRODUCTION

From January 1 to the close of operations in September and October, the mill treated a total of 60,743 tons of ore yielding 26,852 fine ounces of gold and 2,185 fine ounces of silver. Total production amounted to \$1,013,975 for a recovery of \$16.67 per ton treated.

Grade of ore milled was above mine average for the period due to salvage mining being concentrated on the higher grade sections of the reserves. The mill cleanup is reflected in the increased production. A comparison of milling results is as follows:

	<i>1966 To Sept.</i>	<i>1965</i>
Tons milled	60,743	105,864
Ounces of gold recovered	26,852	33,304.87
Ounces of silver recovered	2,185	2,474.39
Ounces of gold recovered per ton	0.442	0.3146
Percentage recovery	N/A	98.55

OPERATING COSTS

Total operating costs amounted to \$1,222,489. This figure was reduced by \$263,827 cost aid to \$958,662, or \$15.78 per ton, leaving an operating profit of \$55,313. A comparative analysis of operating costs for 1966 and 1965 follows:

	<i>1966</i>	<i>1965</i>	<i>Per ton Ore Treated 1966</i>	<i>1965</i>	<i>Per ounce Gold Recovered 1966</i>	<i>1965</i>
Development	\$ 9,113	\$ 155,351	\$ 0.15	\$ 1.47	\$ 0.34	\$ 4.66
Mining	522,178	874,592	8.60	8.26	19.45	26.26
Milling	189,329	233,432	3.12	2.20	7.05	7.01
General mine expense	452,717	348,682	7.45	3.30	16.86	10.47
Administrative expense	49,152	56,123	.81	0.53	1.83	1.69
Totals	<u>\$1,222,489</u>	<u>\$1,668,180</u>	<u>\$ 20.13</u>	<u>\$ 15.76</u>	<u>\$ 45.53</u>	<u>\$ 50.09</u>

OPERATIONAL DATA — YEARS 1935-1966

Tons milled	3,217,572
Ounces gold produced	1,448,177
Ounces silver produced	168,916
Production	\$52,079,000
E.G.M.A.	\$ 3,794,000
Salaries and wages paid	\$21,619,000
Supplies and equipment purchased	\$21,105,000
Taxes	\$ 3,238,000
Dividends to shareholders	\$12,375,000

ORE RESERVES

Despite considerable investigation by re-entry and sampling of previously abandoned areas, no new ore was found during the year. Economic and ground conditions enforced the withdrawal of much of the previous year's ore reserve from the category of "mineable ore". The last ore was hoisted on August 29, 1966.

MINING

All mining was completed on the known economic vein systems to the lowest levels of Nos. 3 and 4 shafts. In addition, pillar and remnant extraction took place on the upper levels of the mine including 110 west stope, which was mined up to a short distance of surface between the hoist room and No. 1 shaft itself.

DEVELOPMENT AND EXPLORATION

Except for 495 feet of diamond drilling in the mine during January, there was no development or exploration undertaken during the year.

MINE CLOSURE

Early in September, the remaining grinding circuit was shut down, and mill cleanup was completed on October 3. An independent consultant has stated that in his opinion, less than \$5,000 in gold remains in the mill structure and that further extraction would be uneconomic.

It is planned to contract out a final extraction programme on a profit-sharing basis during the summer of 1967.

All re-usable equipment was salvaged from the underground workings before the pumps were withdrawn and the surface collars were sealed.

The mine crew was largely transferred to the Batchawana operation of the Tribag Mining Co. Limited, and the power was turned off in mid-December 1966, with the property left in the care of a watchman. Considerable equipment including both ball mills and two compressors were sold to the Tribag operation, and other heavy machinery was disposed of under favourable terms.

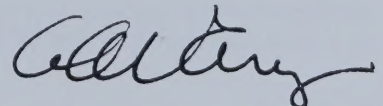
Other equipment is stored on the property awaiting final arrangements for disposal.

GENERAL

The number of employees declined from 135 at the beginning of the year to three on December 31, 1966.

I wish to express my appreciation for the help and guidance received from the directors and for the assistance and loyalty shown by the mine crew; particularly during the shutdown operations which were well carried out under severe conditions.

Respectfully submitted,



G. A. VARY
Mine Manager

March 15, 1967

PICKLE CROW GOLD

Balance Sheet as at

ASSETS

	1966 \$	1965 \$
CURRENT ASSETS:		
Cash and short term deposits	358,445	7,674
Bullion, at net realizable value	—	128,932
Accounts and interest receivable	129,105	19,758
Estimated amount receivable under the provisions of The Emergency Gold Mining Assistance Act	74,079	147,632
Marketable securities, at cost (quoted market value — 1966 \$70,000; 1965 \$62,500)	49,875	49,875
Prepaid expense	9,885	9,456
	<u>621,389</u>	<u>363,327</u>
MATERIALS AND SUPPLIES , at estimated realizable value (note 4)	<u>25,000</u>	<u>345,714</u>
INVESTMENTS:		
Securities deposited for power contract, at cost	25,000	25,000
Associated companies —		
Shares and debentures, at cost	25,069	25,069
Wholly owned subsidiary (note 1) —		
Shares, at cost	10,862	10,862
Advances	—	752
	<u>60,931</u>	<u>61,683</u>
FIXED ASSETS (note 4):		
Buildings, plant and equipment, at estimated realizable value ..	75,000	231,046
Mining claims and properties, at nominal value	1	2,152,134
	<u>75,001</u>	<u>2,383,180</u>
DEFERRED EXPENDITURES:		
Shaft sinking and development, at cost less amounts written off	—	148,539
Outside exploration and development, at cost (note 3)	209,930	209,930
	<u>209,930</u>	<u>358,469</u>
	<u>992,251</u>	<u>3,512,373</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pickle Crow Gold Mines Limited as at December 31, 1966 and the statements of earnings, deficit and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings, deficit and source and use of funds present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

March 28, 1967
Toronto, Ontario

MINES LIMITED

December 31, 1966

LIABILITIES

	1966 \$	1965 \$
CURRENT LIABILITIES:		
Loan from an associated company	—	75,000
Accounts payable and accrued liabilities	68,448	258,534
Unclaimed dividends	11,000	11,000
Loan from wholly owned subsidiary	8,000	8,000
	<u>87,448</u>	<u>352,534</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2)		
Authorized —		
5,000,000 shares of \$1 each		
Issued —		
3,554,818 shares	3,554,818	3,554,818
Discount thereon — net	489,450	489,450
	<u>3,065,368</u>	<u>3,065,368</u>
(DEFICIT) — retained earnings	(2,160,565)	94,471
	<u>904,803</u>	<u>3,159,839</u>

Signed on behalf of the Board,

N. B. KEEVIL, Director.

J. H. WESTELL, Director.

The accompanying notes are an integral part of this statement and should be read in conjunction therewith.

<u>992,251</u>	<u>3,512,373</u>
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1966

- The following information on the wholly owned subsidiary whose assets and liabilities and revenue and expenditure are not included in these statements is given in accordance with Section 89 of The Corporations Act:
 - Consolidated statements have not been prepared because the subsidiary company's operations are not similar.
 - The subsidiary company had a loss of \$6,738 for the year ended December 31, 1966.
 - The undistributed profits of the subsidiary company since acquisition which have not been taken into the accounts of Pickle Crow Gold Mines Limited amount to \$1,490.
- An additional 544 shares of the company's stock may be required to be issued in connection with a stock dividend declared in 1959.
- The company shut down the mining operations at Pickle Crow in September 1966. The amount shown for outside exploration and development represents costs to date and is not intended to reflect present or future value.
- 1965 valuations:

(a) Materials and supplies, at cost	\$ 345,714
(b) Buildings, plant and equipment, at cost	2,892,308
Accumulated depreciation	2,661,262
	<u>\$ 231,046</u>
(c) Mining claims and properties, at cost	\$2,152,134

PICKLE CROW GOLD MINES LIMITED

Statement of Earnings For the Year Ended December 31, 1966

	1966 \$	1965 \$
BULLION PRODUCTION	<u>1,013,975</u>	<u>1,260,073</u>
OPERATING EXPENSES:		
Development	9,113	155,351
Mining	522,178	874,592
Milling	189,329	233,432
General mine expense (including shutdown)	452,717	348,682
Administrative expense	49,152	56,123
	<u>1,222,489</u>	<u>1,668,180</u>
Estimated recovery under The Emergency Gold Mining Assistance Act	263,827	342,208
	<u>958,662</u>	<u>1,325,972</u>
OPERATING PROFIT (LOSS) FOR THE YEAR		
before the following	55,313	(65,899)
Depreciation of buildings, plant and equipment	50,033	98,908
Amortization of shaft sinking and development costs	63,655	63,655
Surface exploration	292	67
	<u>113,980</u>	<u>162,630</u>
	(58,667)	(228,529)
OTHER INCOME:		
Interest and discounts	3,162	1,063
NET LOSS FOR THE YEAR	<u>55,505</u>	<u>227,466</u>

Statement of Deficit For the Year Ended December 31, 1966

	1966 \$	1965 \$
BALANCE — RETAINED EARNINGS BEGINNING OF YEAR ...	<u>94,471</u>	<u>400,487</u>
Add: Adjustment required to restate assets at estimated realizable value:		
Fixed assets — increase	189,932	
Materials and supplies — reduction	152,832	
	<u>37,100</u>	
	<u>131,571</u>	
Deduct:		
Amount written off mining claims to reduce to nominal value	2,151,747	
Shaft sinking and development written off	84,884	
Examination of new properties		17,426
Investment in and advance to associated company — written off		61,124
Net loss for the year	55,505	227,466
	<u>2,292,136</u>	<u>306,016</u>
BALANCE — (DEFICIT) RETAINED EARNINGS END OF YEAR	<u>(2,160,565)</u>	<u>94,471</u>

PICKLE CROW GOLD MINES LIMITED

Statement of Source and Use of Funds

For the Year Ended December 31, 1966

		1966
SOURCE OF FUNDS:		\$
Net loss for the year		55,505
Deduct:		
Items not requiring cash outlay —		
Depreciation	50,033	
Amortization	63,655	113,688
		58,183
Decrease in materials and supplies less amount written off		167,882
Repayment of advance by subsidiary company		752
Proceeds of disposal of fixed assets —		
net of additions		295,945
Proceeds of sale of mining property		386
		523,148
WORKING CAPITAL — BEGINNING OF YEAR		10,793
WORKING CAPITAL — END OF YEAR		533,941

